

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Cambridge Electric Section 34A)	
Tariff Filing)	DTE 03 – 58
)	

COMMENTS OF THE CITY OF CAMBRIDGE

The two primary comments of the City of Cambridge are as follows: First, the Department should ascertain the distribution costs (and transmission costs) that are embedded in the existing streetlight tariffs, and such embedded distribution costs (and transmission costs) should be the distribution tariff (and transmission tariff) allowed in the Section 34A tariff to be established in the current proceeding. Second, The Department should not allow the recovery of costs in the Cambridge Electric section 34A tariff that were not allowed in the Section 34A tariffs approved for Mass Electric and Boston Edison in DTE 98-69 and DTE 98-108, respectively.

We note that the Department has made certain information requests of the Company for the cost of service studies that itemize the costs embedded in the existing streetlight tariffs. The City has filed a motion to intervene in this rate case, and the City reserves final judgment until the City can review the cost of service studies provided by the Company, pursuant to information requests of the Department and potentially of the City. Nevertheless, we are cognizant of the call for comments, and the deadline for submitting comments. Consequently, we offer the following comments on a preliminary basis.

In DTE 98-108 and DTE 98-69, the Department limited the alternative Section 34A distribution tariff to the distribution costs that were embedded in the existing streetlight rates. In DTE 98-69, the Department approved a distribution tariff of 1.68 cents per kwh, which was exactly the amount embedded in the existing streetlight tariffs for “distribution service.” In DTE 98-108, the Department stated as follows:

“When a municipality chooses to purchase streetlight equipment pursuant to GL c 164 s 34A, it is necessary for an electric company to unbundle the current streetlighting rates by separating the costs for distribution service from the costs for lamp service and to develop an alternate streetlighting rate. Upon review of the proposed alternative tariff, Rate S-2, we find that under this tariff the municipalities purchasing streetlighting equipment pay only the costs for distribution service, and that the costs for lamp service are not included. Accordingly, we find that the alternative tariff, rate S-2 is consistent with the Act.” (DTE 98-108 page 6)

In a recent meeting with the City, the Company provided a Marginal Cost Study that had been utilized in DPU 95-250. In Table 1 of that Marginal Cost Study, on the page following page S-3, the Company provided the following data:

Cambridge Electric Light Company
Summary of Marginal Costs

	High Tension	Primary	Large Secondary	Small Secondary	Residential
Capacity Costs					
Generation					
Transmission					
Distribution					
High Tension				32.77	
Primary				23.78	
Secondary				33.28	
Total					
Energy Costs					

We have only reproduced the numbers related to small secondary distribution costs (the classification that we understand includes streetlights). In our recent meeting, the Company explained that the distribution costs reported in the table reproduced above, are reported in dollars per KW, and that these dollars per KW would translate into a distribution cost of 2.25 cents per kwh, when applied to a sodium vapor 9500 lumen streetlight, which uses 484 kwh per year. The sodium vapor 9500 streetlight is the predominant type of streetlight in the Cambridge streetlight infrastructure.

We frankly are not certain whether this Marginal Cost Study is the correct cost of service study to be used in this proceeding. We have requested from the Company, and have yet to receive, the cost of service study that was used to support the current streetlight tariffs in Cambridge. This is, however, the Marginal Cost Study used by the company in our recent meeting in Cambridge to justify the proposed tariff.

The Company has proposed a luminaire charge of \$33.05 per year for the sodium vapor 9500 lumen streetlight. This luminaire charge represents a distribution charge of 6.828 cents per kwh for the sodium vapor 9500 lumen streetlight.

The 2.25 cents per kwh necessary to recover the distribution cost reported in the Company's Marginal Cost Study is very close to the 2.08 cents per kwh distribution rate allowed in DTE 98-108, and less than one third of the luminaire charge requested by the Company in this proceeding. We do not understand the justification for requesting a luminaire charge, which is three times the distribution cost that can be supported by the Marginal Cost Study, which is more than three times the distribution cost allowed in DTE 98-108, and more than four times the distribution cost allowed in DTE 98-69.

The City believes that the distribution charge should be uniform and expressed in cents per kwh. Since the City will own and maintain the streetlights following the purchase, there is no justification based on differential maintenance expenses, for resorting to the overly complex and confusing use of charges that vary by type of streetlight. The Company should be able to quote a uniform price per kwh for delivering electricity over the wires and distribution facilities of the Company to the streetlights that are owned and maintained by the City. The uniform price per kwh, such as the 2.086 cents per kwh, approved for Boston Edison in DTE 98-108, is preferred.

The City objects to paragraph A in the General Conditions, which reads as follows:

"The Customer agrees to pay when due all charges and fees which the Company, may from time to time, be entitled to pursuant to the provisions of the pole attachment License Agreement. . ."

The Company has provided the City with a copy of the proposed License Agreement. Appendix 1 in that proposed License Agreement provides for Attachment Fees in section A and requires the City to replace distribution poles in section C.

In DTE 98-76 the department ruled as follows:

"Streetlight equipment attachments differ from other attachments, such as cable company's conductors, in that the streetlight equipment is the end use of electric service for streetlight customers. As such a distribution company already recovers its pole costs incurred by the streetlight classes in the distribution plant account, which is collected through the distribution rates of the streetlight customers. Therefore the department finds that there is no need to charge a separate pole attachment fee. However, if a distribution company presents evidence in its next general rate case to show otherwise, it may propose a fully allocated cost based fee for municipal streetlight attachments . . . *at this point it would be premature to include any provisions or requirements related to such charges.*"

As a result of this ruling, Mass Electric was required to delete all references to pole attachment fees from its proposed license agreement.

The section 34A distribution tariff is designed according to the statute to pay for delivery service over the wires and distribution facilities of the Company to the streetlights owned

by the City, *and* the use of the mounting surface on the pole (GL c164 s34A (a) (i)). The distribution pole is a distribution asset of the company, needed to provide distribution service to distribution customers. It is inappropriate to attempt to shift responsibility to the City to pay for the maintenance or upkeep of these distribution assets, either in the form of pole attachment fees or in the form of distribution pole replacement costs. The City objects to the generic reference to these cost in the proposed tariff, and the specific reference to these proposed cost in the proposed license agreement.

The City does not understand why the luminaire charges in the proposed tariff only relate to “overhead connected lighting units”. There are 1,685 underground connected streetlights in Cambridge. What is the proposed distribution charge for these underground fed lights? What is the justification for a different distribution charge for these underground fed lights? The City understands that that the City must purchase the dedicated poles if the City wishes to convert these underground fed lights to municipal ownership and municipal maintenance. The City requests that one common distribution charge per kwh be established for all streetlights in Cambridge, underground fed and overhead fed.

Conclusion

The City is opposed to any Section 34A distribution (or transmission) tariff that allows the Company to recover distribution costs (or transmission costs) in excess of the distribution costs (or transmission costs) embedded in the existing streetlight tariffs, or in excess of the categories of costs that were allowed to be recovered in the Section 34A tariffs approved in DTE 98-69 (for Mass Electric) or DTE 98-108 (for Boston Edison). The City requests that one common charge per kwh for all streetlights in Cambridge, similar to the approach used in DTE 98-69 and DTE 98-108.